

**FINANCIAL STATEMENT**

**VILLAGE OF COLUMBIAVILLE  
LAPEER COUNTY, MICHIGAN**

**February 29, 2008**

**VILLAGE COUNCIL**

**THOMAS WOOD - PRESIDENT**

**JOANNE St. PIERRE**

**MARVIN ARMS**

**BARB HARRIS**

**KANDIE DEWEESE**

**KIM GOLDORF**

**TINA WATSON**

**OTHER OFFICERS**

**CLERK - DENISE DUPACK**

**TREASURER - DEBORAH BURROWS**

Village of Columbiaville  
Annual Financial Report  
For the Fiscal Year Ended February 29, 2008

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Independent Auditor's Report

Village Council  
Village of Columbiaville  
4605 Pine Street  
Columbiaville, Michigan 48421

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Columbiaville, Lapeer County, Michigan as of and for the year ended February 29, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Columbiaville's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Columbiaville, Lapeer County, Michigan, as of February 29, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated December 19, 2008 on our consideration of the Village of Columbiaville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Columbiaville's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robson and McCallum, CPA's  
December 19, 2008

Village of Columbiaville  
LAPEER COUNTY  
LAPEER, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the Village of Columbiaville, Lapeer County, Lapeer, Michigan (the "Village"), we offer readers of the village's financial statements this narrative overview and analysis of the Village's financial activities for the fiscal year ended February 29, 2008. We encourage readers to consider the information presented herein in conjunction with the Village's financial statements.

**Financial Highlights**

The assets of the Village of Columbiaville exceeded its liabilities by \$3,087,081, of this amount, \$907,086 may be used to meet the Village's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year the Village's governmental funds reported combined ending fund balances of \$635,706 an increase of \$85,945 in comparison with the prior year.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$76,111, or approximately 43% of normal general fund expenditures.

The Village's total debt decreased \$74,923, during the current fiscal year.

**Overview of the Financial Statements**

**Using this Annual Report**

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. It also contains other supplemental information to provide a greater detail of the data presented in the basic financial statements.

**Government-wide Financial Statements** provide information about the activities of the Village, presenting a broad long-term overview of the Village's finances, in a manner similar to a private-sector business.

**The Statement of Net Assets** presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the Village is improving or deteriorating.

**The Statement of Activities** presents information showing how the Village's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all of a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Village include general government, public safety, public works, cemetery and building department operations. The business-type activities of the Village include a sewer system.

**Reporting the Village's Most Significant Funds - Fund Financial Statements**

The Village's fund financial statements provide detailed information about the most significant funds, not the Village as a whole.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds:

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Village of Columbiaville maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Downtown Development Authority which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriate budget for its general fund and special revenue funds. A budgetary comparison statements has been provided for the general fund and other major funds to demonstrate compliance with this budget.

**Proprietary funds.** The Village maintains four proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water, sewer and disposal activities. The internal service fund, the equipment fund, supplies equipment for the Village's other funds.

#### **Notes to the Financial Statements**

The notes that follow the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **The Village as a Whole**

As noted earlier, net assets may serve over time as a useful indicator of the government's financial position.

The following table shows, in a condensed format, the net assets as of February 29, 2008 and February 28, 2007.

	Governmental Activities	Business Type Activities	Total 02/29/08	Total 02/28/07
<b><u>Assets</u></b>				
Current Assets	\$ 741,934	\$ 544,655	\$1,286,589	\$1,182,608
Capital Assets - Net of Depreciation	<u>314,515</u>	<u>3,076,174</u>	<u>3,390,689</u>	<u>3,480,452</u>
Total Assets	<u>\$1,056,449</u>	<u>\$3,620,829</u>	<u>\$4,677,278</u>	<u>\$4,663,060</u>
<b><u>Liabilities</u></b>				
Current Liabilities	\$ 30,379	\$ 49,000	\$ 79,379	\$ 75,130
Long Term Liabilities	<u>10,818</u>	<u>1,500,000</u>	<u>1,510,818</u>	<u>1,589,990</u>
Total Liabilities	<u>\$ 41,197</u>	<u>\$1,549,000</u>	<u>\$1,590,197</u>	<u>\$1,665,120</u>
<b><u>Net Assets</u></b>				
Invested in Capital Assets	\$ 293,318	\$1,506,516	\$1,799,834	\$1,855,332
Restricted	48,755	331,406	380,161	345,269
Unrestricted	<u>673,179</u>	<u>233,907</u>	<u>907,086</u>	<u>797,339</u>
Total Net Assets	<u>\$1,015,252</u>	<u>\$2,071,829</u>	<u>\$3,087,081</u>	<u>\$2,997,940</u>

The following table shows the changes of the net assets during the fiscal years ending February 29, 2008 and February 28, 2007.

	Governmental Activities	Business Type Activities	Total 02/29/08	Total 02/28/07
<b>Revenue</b>				
Program Revenues:				
Charges for Services	\$ 8,627	\$ 346,413	\$ 355,040	\$ 351,693
Sales and Rentals	12,947		12,947	8,971
Other	25,774		25,774	31,488
General Revenue:				
Property Taxes and Collection Fees	228,770		228,770	223,168
Licenses and Permits	5,294		5,294	4,109
State-shared Revenue	159,415		159,415	161,769
Interest Earnings	23,301	41,987	65,288	46,245
Capital Grants				32,000
Total Revenue	<u>\$ 464,128</u>	<u>\$ 388,400</u>	<u>\$ 852,528</u>	<u>\$ 859,443</u>
<b>Program Expenses</b>				
General Government	\$ 124,900	\$ -0-	\$ 124,900	\$ 128,720
Public Safety	6,418		6,418	8,538
Public Works	162,088	407,929	570,017	566,099
Other Activities	62,052		62,052	59,701
Total Program Expenses	<u>\$ 355,458</u>	<u>\$ 407,929</u>	<u>\$ 763,387</u>	<u>\$ 763,058</u>
Change in Net Assets	<u>\$ 108,670</u>	<u>\$ (19,529)</u>	<u>\$ 89,141</u>	<u>\$ 96,385</u>

### **The Village's Funds**

The Village uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Village is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Village's overall financial health. The analysis of the Village's major funds begins on page 3, following the government-wide financial statements.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

At February 29, 2008, the Village had \$3,390,689 invested in broad range of capital assets, including land, building and equipment. This amount represents a net decrease of \$89,763.

Land	\$ 159,223
Buildings and Improvements	198,126
Vehicles and Equipment	642,579
Water System	898,499
Sewer System	3,553,190
Total Capital Assets	\$ 5,451,617
Less Accumulated Depreciation	<u>(2,060,928)</u>
Net Capital Assets	<u>\$ 3,390,689</u>

#### **Debt Administration**

The Village had four sources of debt during the fiscal year ended February 29, 2008: bonds issued for the sewer system expansion, the original cost of the water system, an equipment note, and bonds issued for road improvements. The Village paid \$74,923 in interest payments and \$84,102 in principal payments towards those obligations.

**General Fund Budgetary Highlights**

Over the course of the year, the Village amended the budget to take into account events during the year. However, overall appropriations were not increased.

**Economic Factors and Next Year's Budget**

Because of the impact of Proposal A and the Headlee Amendment, the Village must continue to watch the budget very closely. The most significant of these events during the fiscal year are the drastic cuts in State Revenue Sharing. These revenues decreased due to the downturn in the economy and State cutbacks during 2007 and 2008.

**Contacting the Village's Management**

This financial report is intended to provide our residents, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at 4605 Pine Street, Columbiaville, Michigan 48421.

Mr. Thomas Wood  
Village President

**STATEMENT OF NET ASSETS**  
**VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN**  
February 29, 2008

	Governmental Activities	Business Type Activities	Total
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$ 575,600	\$ 172,095	\$ 747,695
Receivables	117,579	40,154	157,733
Restricted Assets - Cash and Cash Equivalents	48,755	331,406	380,161
Inventory	<u>          </u>	<u>1,000</u>	<u>1,000</u>
Total Current Assets	<u>\$ 741,934</u>	<u>\$ 544,655</u>	<u>\$ 1,286,589</u>
Capital Assets:			
Land	\$ 86,304	\$ 72,919	\$ 159,223
Buildings	128,710	69,416	198,126
Vehicles and Equipment	551,641	90,938	642,579
Water System		898,499	898,499
Sewer System		3,553,190	3,553,190
Accumulated Depreciation	<u>(452,140)</u>	<u>(1,608,788)</u>	<u>(2,060,928)</u>
Net Capital Assets	<u>314,515</u>	<u>3,076,174</u>	<u>3,390,689</u>
Total Assets	<u>\$1,056,449</u>	<u>\$ 3,620,829</u>	<u>\$ 4,677,278</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ -0-	\$ -0-	\$ -0-
Accrued Interest	30,379	49,000	79,379
Current Portion of Long Term Debt			
Long-Term Liabilities			
Bonds Payable		1,500,000	1,500,000
Note Payable	<u>10,818</u>	<u>          </u>	<u>10,818</u>
Total Liabilities	<u>\$ 41,197</u>	<u>\$ 1,549,000</u>	<u>\$ 1,590,197</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets net of Related Debt	\$ 293,318	\$ 1,506,516	\$ 1,799,834
Restricted for Debt Service	35,749	297,509	333,258
Restricted for Cemetery Operations	13,006		13,006
Restricted for Repairs and Improvements		33,897	33,897
Unrestricted	<u>673,179</u>	<u>233,907</u>	<u>907,086</u>
Total Net Assets	<u>\$1,015,252</u>	<u>\$ 2,071,829</u>	<u>\$ 3,087,081</u>

See Auditor's Report and Notes to the Financial Statements.



**STATEMENT OF ACTIVITIES**  
**VILLAGE OF COLUMBIAVILLE- LAPEER COUNTY, MICHIGAN**  
For the Year Ended February 29, 2008

Functions/Program	Expenses	Charges For Services	Net (Expense) Revenue & Changes in Net Assets		
			Governmental Activities	Business Activities	Total
Primary Government:					
Governmental Activities:					
General Government	\$ 124,900	\$ 47,348	\$ (77,552)	\$ -0-	\$ (77,552)
Public Safety	6,418		(6,418)		(6,418)
Public Works	162,088		(162,088)		(162,088)
Parks and Recreation	35,329		(35,329)		(35,329)
Insurance	22,771		(22,771)		(22,771)
Interest on Long Term Debt	<u>3,952</u>		<u>(3,952)</u>		<u>(3,952)</u>
Total Government Activities	<u>\$ 355,458</u>	<u>\$ 47,348</u>	<u>\$ (308,110)</u>	<u>\$ -0-</u>	<u>\$ (308,110)</u>
Business Type Activities	\$ 327,779	\$ 346,413	\$ -0-	\$ 18,634	\$ 18,634
Interest on Long Term Debt	<u>80,150</u>			<u>(80,150)</u>	<u>(80,150)</u>
Total Business Type Activities	<u>\$ 407,929</u>	<u>\$ 346,413</u>	<u>\$ -0-</u>	<u>\$ (61,516)</u>	<u>\$ (61,516)</u>
Total Primary Government	<u>\$ 763,387</u>	<u>\$ 393,761</u>	<u>\$ (308,110)</u>	<u>\$ (61,516)</u>	<u>\$ (369,626)</u>
General Revenues:					
Property Taxes			\$ 228,770	\$ -0-	\$ 228,770
Licenses and Permits			5,294		5,294
State Shared Revenues			159,415		159,415
Interest Earnings			<u>23,301</u>	<u>41,987</u>	<u>65,288</u>
Total General Revenue			<u>\$ 416,780</u>	<u>\$ 41,987</u>	<u>\$ 458,767</u>
Change in Net Assets			\$ 108,670	\$ (19,529)	\$ 89,141
Net Assets - March 1, 2007			<u>906,582</u>	<u>2,091,358</u>	<u>2,997,940</u>
Net Assets - February 29, 2008			<u>\$1,015,252</u>	<u>\$2,071,829</u>	<u>\$3,087,081</u>

See Auditor's Report and Notes to the Financial Statements.

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**VILLAGE OF COLUMBIAVILLE- LAPEER COUNTY, MICHIGAN**  
**February 29, 2008**

	<u>GENERAL FUND</u>	<u>DOWNTOWN DEVELOPMENT AUTHORITY</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 140,135	\$ 192,259	\$ 136,978	\$ 469,372
Receivables	49,924	53,598	14,057	117,579
Restricted Assets - Cash and Cash Equivalents	13,006		35,749	48,755
Due From Other Funds		89,501	65,591	155,092
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 203,065</u>	<u>\$ 335,358</u>	<u>\$ 252,375</u>	<u>\$ 790,798</u>
<b><u>LIABILITIES</u></b>				
Due to Other Funds	\$ 126,954	\$ -0-	\$ 28,138	\$ 155,092
Total Liabilities	<u>\$ 126,954</u>	<u>\$ -0-</u>	<u>\$ 28,138</u>	<u>\$ 155,092</u>
<b><u>FUND EQUITY</u></b>				
Fund Balances:				
Reserved for Cemetery Operations	\$ 13,006	\$ -0-	\$ -0-	\$ 13,006
Reserved for Debt Service			35,749	35,749
Unreserved	63,105	335,358	188,488	586,951
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Equity	<u>\$ 76,111</u>	<u>\$ 335,358</u>	<u>\$ 224,237</u>	<u>\$ 635,706</u>
Total Liabilities and Fund equity	<u>\$ 203,065</u>	<u>\$ 335,358</u>	<u>\$ 252,375</u>	<u>\$ 790,798</u>

See Auditor's Report and Notes to the Financial Statements.

**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET**  
**ASSETS OF GOVERNMENTAL ACTIVITIES**  
**VILLAGE OF COLUMBIAVILLE- LAPEER COUNTY, MICHIGAN**  
**For the Year Ended February 29, 2008**

Total Fund Balances For Governmental Funds and Equipment Funds	\$ 789,349
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital assets used in Governmental activities are not financial resources and, therefore, are not reported in the funds	245,903
Long-Term liabilities are not due and payable In the current period and, therefore, are not reported in the funds.	<u>(20,000)</u>
Net Assets of Governmental Activities	<u>\$1,015,252</u>

See Auditor's Report and Notes to the Financial Statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**VILLAGE OF COLUMBIAVILLE- LAPEER COUNTY, MICHIGAN**  
**For the Year Ended February 29, 2008**

	GENERAL FUND	DOWNTOWN DEVELOPMENT AUTHORITY	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES</b>				
Taxes	\$ 68,742	\$ 133,030	\$ 26,998	\$ 228,770
Licenses and Permits	5,294			5,294
State Shared Revenue	90,608		68,807	159,415
Charges for Services	8,627			8,627
Interest Earnings	5,527	6,619	6,892	19,038
Sales and Rentals	12,947			12,947
Event Income		22,677		22,677
Refunds and Reimbursements	3,097			3,097
Total Revenues	<u>\$ 194,842</u>	<u>\$ 162,326</u>	<u>\$ 102,697</u>	<u>\$ 459,865</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Village Council	\$ 13,838	\$ -0-	\$ -0-	\$ 13,838
President	1,000			1,000
Elections	1,563			1,563
Clerk	25,937			25,937
Legal and Audit	4,741			4,741
Treasurer	10,515			10,515
Village Hall	9,172			9,172
Cemetery	27,944			27,944
Other General Government		21,276	8,914	30,190
Total General Government	<u>\$ 94,710</u>	<u>21,276</u>	<u>8,914</u>	<u>124,900</u>
Public Safety	6,418			6,418
Public Works	51,436	58,302	52,164	161,902
Parks and Recreation	1,059	34,270		35,329
Insurance	22,771			22,771
Debt Service:				
Principal			20,000	20,000
Interest			2,600	2,600
Total Expenditures	<u>\$ 176,394</u>	<u>\$ 113,848</u>	<u>\$ 83,678</u>	<u>\$ 373,920</u>
Net Change in Fund Balance	<u>\$ 18,448</u>	<u>\$ 48,478</u>	<u>\$ 19,019</u>	<u>\$ 85,945</u>
Fund Balance - March 1, 2007	<u>57,663</u>	<u>286,880</u>	<u>205,218</u>	<u>549,761</u>
Fund Balance - February 29, 2008	<u>\$ 76,111</u>	<u>\$ 335,358</u>	<u>\$ 224,237</u>	<u>\$ 635,706</u>

See Auditor's Report and Notes to the Financial Statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**  
**VILLAGE OF COLUMBIAVILLE- LAPEER COUNTY, MICHIGAN**  
**For the Year Ended February 29, 2008**

Net change in fund balance - Total Governmental and Equipment Funds	\$ 93,960
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Depreciation is an expenditure for the Statement Of Activities, but it is not reported in the Governmental Funds.	(5,290)
Governmental Funds report the repayment of debt as an expenditure. The repayment of debt reduces the liability in the Statement of Net Assets.	<u>20,000</u>
Change in Net Assets of Governmental Activities	<u>\$ 108,670</u>

**STATEMENT OF NET ASSETS - ENTERPRISE FUNDS**  
**VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN**  
**For the Year Ended February 29, 2008**

	<u>SEWER</u>	<u>WATER</u>	<u>DISPOSAL</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and Cash Equivalents	\$ 121,215	\$ 35,416	\$ 15,464	\$ 172,095
Receivables - Net	19,273	15,725	5,156	40,154
Restricted Assets - Cash and Cash Equivalents	33,274	298,132		331,406
Inventory		1,000		1,000
Due from Other Funds	<u>5,933</u>	<u></u>	<u></u>	<u>5,933</u>
Total Current Assets	<u>\$ 179,695</u>	<u>\$ 350,273</u>	<u>\$ 20,620</u>	<u>\$ 550,588</u>
Noncurrent Assets				
Capital Assets:				
Land	\$ 72,919	\$ -0-	\$ -0-	\$ 72,919
Buildings	51,963	17,453		69,416
Equipment	36,832	54,106		90,938
Water System		898,499		898,499
Sewer System	3,553,190			3,553,190
Accumulated Depreciation	<u>(1,111,727)</u>	<u>(497,061)</u>	<u></u>	<u>(1,608,788)</u>
Net Noncurrent Assets	<u>2,603,177</u>	<u>472,997</u>	<u>-0-</u>	<u>3,076,174</u>
Total Assets	<u>\$ 2,782,872</u>	<u>\$ 823,270</u>	<u>\$ 20,620</u>	<u>\$ 3,626,762</u>
<b><u>LIABILITIES</u></b>				
Current Liabilities				
Current Portion of Long-Term Debt	\$ 13,000	\$ 36,000	\$ -0-	\$ 49,000
Due to Other Funds	<u></u>	<u>5,933</u>	<u></u>	<u>5,933</u>
Total Current Liabilities	<u>\$ 13,000</u>	<u>\$ 41,933</u>	<u>\$ -0-</u>	<u>\$ 54,933</u>
Long-Term Liabilities				
Bonds Payable	<u>1,079,000</u>	<u>421,000</u>	<u>-0-</u>	<u>1,500,000</u>
Total Liabilities	<u>\$ 1,092,000</u>	<u>\$ 462,933</u>	<u>\$ -0-</u>	<u>\$ 1,554,933</u>
<b><u>NET ASSETS</u></b>				
Invested in Capital Assets net of Related Debt	\$ 1,511,177	\$ 15,997	\$ -0-	\$ 1,527,174
Restricted for Debt Service	19,377	278,132		297,509
Restricted for Repairs and Improvements	13,897	20,000		33,897
Unrestricted	<u>146,421</u>	<u>46,208</u>	<u>20,620</u>	<u>213,249</u>
Total Net Assets	<u>\$ 1,690,872</u>	<u>\$ 360,337</u>	<u>\$ 20,620</u>	<u>\$ 2,071,829</u>

See Auditor's Report and Notes to the Financial Statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
NET ASSETS - ENTERPRISE FUND  
VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN  
For the Year Ended February 29, 2008**

	<u>SEWER</u>	<u>WATER</u>	<u>DISPOSAL</u>	<u>TOTAL</u>
<u>OPERATING REVENUES</u>				
Charges for Services	\$ 166,458	\$ 124,655	\$ 41,077	\$ 332,190
Rental Income	<u>          </u>	<u>14,223</u>	<u>          </u>	<u>14,223</u>
Total Operating Revenues	<u>\$ 166,458</u>	<u>\$ 138,878</u>	<u>\$ 41,077</u>	<u>\$ 346,413</u>
<u>OPERATING EXPENSES</u>				
Operations	\$ 83,987	\$ 44,231	\$ 38,604	\$ 166,822
Maintenance	16,734	17,038		33,772
Administration	12,576	16,284	3,937	32,797
Depreciation	<u>73,776</u>	<u>20,612</u>	<u>          </u>	<u>94,388</u>
Total Operating Expenses	<u>\$ 187,073</u>	<u>\$ 98,165</u>	<u>\$ 42,541</u>	<u>\$ 327,779</u>
Operating Income (Loss)	\$ (20,615)	\$ 40,713	\$ (1,464)	\$ 18,634
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest and Penalty Income	\$ 11,030	\$ 29,078	\$ 1,879	\$ 41,987
Interest Expense	<u>(48,300)</u>	<u>(31,850)</u>	<u>          </u>	<u>(80,150)</u>
Change in Net Assets	\$ (57,885)	\$ 37,941	\$ 415	\$ (19,529)
<u>Net Assets</u> - March 1, 2007	<u>1,748,757</u>	<u>322,396</u>	<u>20,205</u>	<u>2,091,358</u>
<u>Net Assets</u> - February 29, 2008	<u>\$ 1,690,872</u>	<u>\$ 360,337</u>	<u>\$ 20,620</u>	<u>\$ 2,071,829</u>

See Auditor's Report and Notes to the Financial Statements.

**STATEMENT OF CASH FLOWS - ENTERPRISE FUND**  
**VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN**  
For the Year Ended February 29, 2008

	<u>SEWER</u>	<u>WATER</u>	<u>DISPOSAL</u>	<u>TOTAL</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
<u><b>CASH FLOWS FROM OPERATING ACTIVITIES</b></u>				
Cash Received From Customers	\$ 162,624	\$ 137,421	\$ 42,836	\$ 342,881
Payments to Suppliers and Vendors	(66,607)	(45,766)	(37,946)	(150,319)
Payments to Employees	(46,690)	(31,198)	(4,595)	(82,483)
Net Cash Flows From Operations	<u>\$ 49,327</u>	<u>\$ 60,457</u>	<u>\$ 295</u>	<u>\$ 110,079</u>
<u><b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b></u>				
Payments on Long-Term Debt	\$ (12,000)	\$ (33,000)	\$ -0-	\$ (45,000)
Interest Paid	(48,300)	(31,850)		(80,150)
Purchase of Capital Assets	(21,827)			(21,827)
Capital Grants	<u>32,000</u>			<u>32,000</u>
Net Cash Flows from Capital and Related Financing Activities	<u>\$ (50,127)</u>	<u>\$ (64,850)</u>	<u>\$ -0-</u>	<u>\$ (114,977)</u>
<u><b>CASH FLOWS FROM INVESTING ACTIVITIES</b></u>				
Interest and Penalty Income	<u>\$ 11,030</u>	<u>\$ 29,078</u>	<u>\$ 1,879</u>	<u>\$ 41,987</u>
Net Cash Flows from Investing Activities	<u>11,030</u>	<u>29,078</u>	<u>1,879</u>	<u>41,987</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 10,230</b>	<b>\$ 24,685</b>	<b>\$ 2,174</b>	<b>\$ 37,089</b>
<u><b>CASH AND CASH EQUIVALENTS - March 1, 2007</b></u>	<u>144,259</u>	<u>308,864</u>	<u>13,290</u>	<u>466,413</u>
<u><b>CASH AND CASH EQUIVALENTS - February 29, 2008</b></u>	<u>\$ 154,489</u>	<u>\$ 333,549</u>	<u>\$ 15,464</u>	<u>\$ 503,502</u>
<u><b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b></u>				
Operating Income (Loss)	\$ (20,615)	\$ 40,713	\$ (1,464)	\$ 18,634
Depreciation and Amoritzation	73,776	20,612		94,388
(Increase) Decrease in Accounts Receivable	(3,834)	(868)	1,759	(2,943)
Net Cash Provided By Operating Activities	<u>\$ 49,327</u>	<u>\$ 60,457</u>	<u>\$ 295</u>	<u>\$ 110,079</u>

See Auditor's Report and Notes to the Financial Statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
**VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN**  
**For the Year Ended February 29, 2008**

The accounting methods and procedures adopted by the Village of Columbiaville, Lapeer County, Michigan, conform to Generally Accepted Accounting Principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Village's Comprehensive Annual Financial Report.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**SCOPE OF REPORTING ENTITY:**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that financial statements are not misleading. The primary government of the Village consists of all funds, departments, boards, and agencies that are not legally separate from the Village. For the Village, this includes providing police protection, fire services, road maintenance and repairs, cemeteries, and planning and zoning. The Village Council and the Administrator have direct responsibility for these activities.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority or the organization's governing board; and (1) the Village is able to significantly influence the programs or services performed or provided by the organization, or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organizations. Component units may also include organizations for which the Village authorizes the issuance of debt or the levying of taxes, or determines the budget.

**Component Units** - In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units.

**Blended Component Units** - The Downtown Development Authority (DDA) of the Village of Columbiaville, an entity legally separate from the Village, is governed by a Council appointed by the Village Council. For financial reporting purposes, the DDA is reported as if it were part of the Village's operations because its purpose is to finance and provide assistance to businesses and citizens within the DDA District of the Village.

**BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Village. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: (1) charges to customers or applicants whose purchase, use or directly benefit from goods, services, or privileges provided by a given program; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**FUND FINANCIAL STATEMENTS:**

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The accounts of the government are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The financial activities of the Village are recorded in separate funds, categorized as follows:

**NOTES TO THE FINANCIAL STATEMENTS**  
**VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN**  
**For the Year Ended February 29, 2008**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**GOVERNMENTAL FUNDS:**

The Village reports the following governmental funds:

General Fund - The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major Streets Fund - The Major Streets Fund accounts for maintenance and improvement activities for streets designated as "major" within the Village. Funding is provided primarily through State-shared gas and weight taxes.

Local Streets Fund - The Local Streets Fund accounts for maintenance and improvement activities for streets designated as "local" within the Village. Funding is provided primarily through State-shared gas and weight taxes.

Municipal Street Repair Fund - The Municipal Street Repair Fund accounts for a Village-wide millage assessed for maintenance, improvements and debt service for streets within the Village.

Downtown Development Authority Fund - The Downtown Development Authority's purpose is to finance and provide assistance to businesses and citizens within the DDA District of the Village.

**BUSINESS TYPE FUNDS:**

Enterprise Funds - Enterprise Funds are used to account for operations (A) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (B) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village has the following Enterprise Funds:

Water Fund - The Water Fund accounts for the activities of the water distribution system. Funding is provided primarily through user charges.

Sewer Fund - The Sewer Fund accounts for the activities of the sewage disposal system. Funding is provided primarily through user charges.

Disposal Fund - The Disposal Fund accounts for the activities of the garbage collection for the residents. Funding is provided primarily through user charges.

Internal Service Funds - The Village has the following Internal Service Fund:

Equipment Fund - This fund was established to account for the equipment rental provided by one department to other departments of the Village on a cost-reimbursement basis.

**DEPOSITS AND INVESTMENTS:**

**CASH EQUIVALENTS:**

For purposes of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired, are considered to be cash equivalents.

**MEASUREMENT FOCUS:**

Measurement Focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time liability is incurred.

**NOTES TO THE FINANCIAL STATEMENTS**  
**VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN**  
**For the Year Ended February 29, 2008**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**MEASUREMENT FOCUS: (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income, and intergovernmental revenues. Sales taxes collected and held by the State at year-end on behalf of the Village are also recognized as revenue. All other Governmental Fund Type revenues are recognized when received.

Enterprise funds distinguish operating revenue and expense from non-operating items. Operating revenue and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenue of our Enterprise Fund relates to charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses. The Village follows FASB Pronouncements issued after November 30, 1989 as guidance for Enterprise Fund financial reporting.

**CASH AND INVESTMENTS:**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Village Council has designated three banks for the deposit of Village funds. The investment policy adopted by the council is in accordance with Public Act 196 of 1997. The Council has authorized investment in bank accounts, CD's, and direct obligations of the United States, but not the remainder of the State statutory authority as listed above. All cash deposits and investments of the Village are held by the Village in the Village's name.

**RESTRICTED ASSETS:**

Restricted assets are cash and cash equivalents that have been set a side for debt service principal and interest, operations and maintenance, and a bond reserve. The Village has met or exceeded the bond covenants as stipulated under both the water system and sewer system bond agreements.

**PROPERTY TAXES:**

Property taxes are levied each July 1st on the State equalized value of property located in the Village as of the preceding December 31st. Taxable values are based on assessed values which are established annually and equalized by the State at an estimated 50 percent of current market value. The 2007 taxable value of the Village totaled \$13,171,902. Millage rates assessed were 9.3745 mills for general operating and 3.7742 mills for street maintenance.

The Village bills and collects its own property taxes. Village property tax revenues are recognized as revenues in the fiscal year levied.

Property taxes levied on July 1st are payable without penalty through August 31st. As of Sept 1st, unpaid taxes attach as an enforceable lien on the property. Delinquent taxes, special assessments, and utility user fees, are purchased by the County of Lapeer.

**ACCOUNTS RECEIVABLE:**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowances for uncollectibles are as follows:

Sewer	\$ 1,200
Water	100

**INVENTORY:**

Inventory in the Water Fund consists of expendable supplies held for consumption. The amount of inventory shown on the balance sheet is an allowance for inventory of expendable supplies that were on hand at the balance sheet date. An actual inventory was not taken. The Village uses the consumption method for accounting for inventory.

**NOTES TO THE FINANCIAL STATEMENTS**  
**VILLAGE OF COLUMBIANVILLE - LAPEER COUNTY, MICHIGAN**  
**For the Year Ended February 29, 2008**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**CAPITAL ASSETS:**

Capital assets which include property, plant and equipment, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated Assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets capitalized have an original cost of \$1,000 or more for equipment and \$5,000 or more for non equipment, and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Governmental</u>	
Buildings and Improvements	5 - 50 Years
Equipment	5 - 20 Years
Vehicles	5 - 20 Years
<u>Enterprise</u>	
Equipment	7 - 10 Years
Municipal Sewer System	20 - 50 Years
Municipal Water System	20 - 50 Years

**NET ASSETS:**

Net Assets represent the difference between assets and liabilities. Net Assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of governments.

**USE OF ESTIMATES:**

The preparation of basic financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**BUDGETARY AND LEGAL COMPLIANCE:**

**BUDGETARY DATA:**

The following procedures were completed in establishing the budgetary data reflected in the financial statements:

The modified accrual based budget was legally enacted on a departmental (activity) basis through the passage of a resolution.

The budget was used by the Village Board as a management tool during the year for all budgetary funds. Any revisions that altered the total expenditures of any department were approved by the Village Board.

Budget appropriations lapse at year end, except for approved contracts and certain federal grants which are appropriated on a contract (grant) or entitlement length basis.

The original budget was amended during the year in compliance with applicable State laws. The budget to actual expenditures in the financial statements represent the final budget as amended by the Village Board.

**EXCESS EXPENDITURES OVER BUDGETARY AMOUNTS:**

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted by activity within a fund. During the budget year, the Village did not incur expenditures beyond budgeted amounts in the funds for which budgets were adopted.

**NOTES TO THE FINANCIAL STATEMENTS**  
**VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN**  
**For the Year Ended February 29, 2008**

**DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS:**

**CUSTODIAL CREDIT RISK:**

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. State law does not require and the Village does not have a policy for deposit custodial credit risk. The Village's deposits are in accordance with statutory authority. At February 29, 2008, the balance sheet carrying amount of cash deposits was \$991,950. The bank balance as of February 29, 2008 was \$1,004,798 of which \$200,000 was covered by FDIC insurance and \$13,006 was insured by the National Credit Union Share Insurance Fund. Cash deposits are classified in risk category number three and are uncollateralized.

Investments are stated at cost. Treasury Strips are held by the Village's paying agent in the Village's name.

<u>DESCRIPTION</u>	<u>CATEGORY</u>			<u>CARRYING AMOUNT</u>	<u>MARKET VALUE</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Treasury Strips	\$135,906	\$ -0-	\$ -0-	\$135,906	\$135,906

The carrying amount of Cash, Cash Equivalents, and Investments on the Statement of Net Assets consists of the following:

	<u>CASH AND CASH EQUIVALENTS</u>	<u>RESTRICTED ASSETS</u>	<u>TOTAL</u>
Bank Deposits (Checking, Savings, and Time Certificate)	\$747,695	\$244,255	\$ 991,950
Treasury Strips	-0-	135,906	135,906
Total Reported on Balance Sheet	\$747,695	\$380,161	\$1,127,856

**INTEREST RATE RISK:**

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The Village minimizes this risk by investing in liquid asset funds, money market mutual funds, shorter-term securities and similar investment pools and limiting the average maturity in accordance with the Village's investment policy.

**CONCENTRATION OF CREDIT RISK:**

Concentration of credit risk the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village minimizes this risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**FOREIGN CURRENCY RISK:**

The Village is not authorized to invest in investments which have this type of risk.

**CAPITAL ASSETS:**

**A SUMMARY OF CHANGES IN CAPITAL ASSETS FOR GOVERNMENTAL ACTIVITIES FOLLOWS:**

	<u>BALANCE 3/01/07</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE 2/29/08</u>
Capital Assets Not Being Depreciated				
Land	\$ 86,304	\$ -0-	\$ -0-	\$ 86,304
Capital Assets Being Depreciated				
Building and Improvements	\$ 128,710	\$ -0-	\$ -0-	\$ 128,710
Vehicles and Equipment	541,511	10,130		551,641
Total Capital Assets Being Depreciated	\$ 670,221	\$ 10,130	\$ -0-	\$ 680,351
Less Accumulated Depreciation for				
Building and Improvements	\$ 47,545	\$ 2,860	\$ -0-	\$ 50,405
Vehicles and Equipment	377,261	24,474		401,735
Total Accumulated Depreciation	\$ 424,806	\$ 27,334	\$ -0-	\$ 452,140
Total Capital Assets Being Depreciated, Net	245,415	(17,204)	-0-	228,211
Total Governmental Activity Assets, Net	\$ 331,719	\$ (17,204)	\$ -0-	\$ 314,515

**NOTES TO THE FINANCIAL STATEMENTS**  
**VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN**  
For the Year Ended February 29, 2008

**DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS: (Continued)**

**A SUMMARY OF CHANGES IN CAPITAL ASSETS FOR BUSINESS-TYPE ACTIVITIES FOLLOWS:**

	<u>BALANCE</u> <u>3/01/07</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>2/29/08</u>
Capital Assets Not Being Depreciated				
Land	\$ 72,919	\$ -0-	\$ -0-	\$ 72,919
Capital Assets Being Depreciated				
Buildings	\$ 69,416	\$ -0-	\$ -0-	\$ 69,416
Vehicles and Equipment	69,111	21,827		90,938
Water System	898,499			898,499
Sewer System	<u>3,553,190</u>			<u>3,553,190</u>
Total Capital Assets Being Depreciated	<u>\$4,590,216</u>	<u>\$ 21,827</u>	<u>\$ -0-</u>	<u>\$4,612,043</u>
Less Accumulated Depreciation for				
Buildings	\$ 53,298	\$ 1,306	\$ -0-	\$ 54,604
Vehicles and Equipment	59,754	1,169		60,923
Water System	423,853	20,224		444,077
Sewer System	<u>977,495</u>	<u>71,689</u>		<u>1,049,184</u>
Total Accumulated Depreciation	<u>\$1,514,400</u>	<u>\$ 94,388</u>	<u>\$ -0-</u>	<u>\$1,608,788</u>
Total Capital Assets Being Depreciated, Net	<u>3,075,816</u>	<u>(72,561)</u>	<u>-0-</u>	<u>3,003,255</u>
Total Business Type Activity Assets, Net	<u>\$3,148,735</u>	<u>\$ (72,561)</u>	<u>\$ -0-</u>	<u>\$3,076,174</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

    General Government \$ 5,290

    Capital Assets held by the government's internal funds are charged to various functions based on their usage of the assets. 22,044

        Total Depreciation Expense - Governmental Activities \$ 27,334

**Business-Type Activities:**

    Water and Sewer \$ 94,388

**INDIVIDUAL FUND INTERFUND RECEIVABLE/PAYABLE:**

	<u>RECEIVABLES</u>	<u>PAYABLES</u>
Downtown Development Authority	89,501	
General		66,641
Municipal Street Repair		<u>22,860</u>
Subtotal	<u>89,501</u>	<u>89,501</u>
Sewer	5,933	
Water		<u>5,933</u>
Municipal Street Repair	44,875	
General		<u>44,875</u>
Major Street	15,438	
General		<u>15,438</u>
Local Street	5,278	
Municipal Street Repair		<u>5,278</u>
Grand Total	<u>\$161,025</u>	<u>\$161,025</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN**  
For the Year Ended February 29, 2008

**DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS: (Continued)**

**LONG-TERM DEBT:**

	<u>Interest Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>						
General Obligation Bonds and Contracts						
1994 Michigan Transportation Bond	5.70%	\$15,000				
Amount of Issue - \$200,000 to	to					
Maturing Through 2009	6.50%	\$20,000	\$ 40,000	\$(20,000)	\$ 20,000	\$ 20,000
2006 Installment Purchase Contract		\$4,891				
Amount of Issue - \$31,120	to					
Maturing Through 2010	4.80%	\$5,464	31,120	(9,923)	21,197	10,379
Total Governmental Activities			<u>\$ 71,120</u>	<u>\$(29,923)</u>	<u>\$ 41,197</u>	<u>\$ 30,379</u>
<b>Business Type Activities</b>						
1987 Water Supply System Revenue Bonds						
Amount of Issue - \$764,000	\$3,000 -					
Maturing Through 2017	6.50%	69,000	\$ 490,000	\$(33,000)	\$ 457,000	\$ 36,000
2004A Sewage Disposal System Revenue Bonds						
Amount of Issue - \$739,000	\$ 7,000 -					
Maturing Through 2044	4.375%	39,000	717,000	(8,000)	709,000	8,000
2004B Sewage Disposal System Revenue Bonds						
Amount of Issue - \$398,000	\$ 3,000 -					
Maturing Through 2044	4.75%	19,000	387,000	(4,000)	383,000	5,000
Total Business Type Activities			<u>\$1,594,000</u>	<u>\$(45,000)</u>	<u>\$1,549,000</u>	<u>\$ 49,000</u>
Total			<u>\$1,665,120</u>	<u>\$(74,923)</u>	<u>\$1,590,197</u>	<u>\$ 79,379</u>

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

<u>Years Ending February 28</u>	<u>Governmental Activities</u>			<u>Business Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 30,379	\$ 2,196	\$ 32,575	\$ 49,000	\$ 77,480	\$ 126,480
2010	10,818	391	11,209	52,000	74,572	126,572
2011				56,000	71,466	127,466
2012				60,000	68,126	128,126
2013				66,000	64,378	130,378
2014-2018				329,000	257,664	586,664
2019-2023				106,000	196,131	302,131
2024-2028				134,000	170,538	304,538
2029-2033				171,000	138,163	309,163
2034-2038				210,000	97,388	307,388
2039-2043				258,000	47,512	305,512
2044-2045				58,000	2,538	60,538
Total	<u>\$ 41,197</u>	<u>\$ 2,587</u>	<u>\$ 43,784</u>	<u>\$1,549,000</u>	<u>\$1,265,956</u>	<u>\$2,814,956</u>

**PENSION PLAN:**

The Village Pension Plan is a defined benefit plan that is administered by the Municipal Employee's Retirement System. The participants can contribute up to 5%, as calculated by the State of Michigan, of their annual gross wages (after tax), the Village pays the Annual Contributions Requirement. Employee contributions are vested immediately. Village contributions vest after 10 years, payable at age 60. The cost to the Village for the February 29, 2008 was \$7,973. The Plan is a defined benefit plan with contributions calculated by the State of Michigan. As of the statement date, no actuarial information has been provided to the Village by the Municipal Employee's Retirement System.

**RISK FINANCING:**

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE -BUDGET AND ACTUAL - GENERAL FUND  
VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN  
For the Year Ended February 29, 2008**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>(UNFAVORABLE)</u>
<b>REVENUES</b>				
Property Taxes	\$ 80,500	\$ 82,500	\$ 68,742	\$ (13,758)
Licenses and Permits	3,500	3,500	5,294	1,794
State Shared Revenue	87,000	87,000	90,608	3,608
Charges for Services	12,300	12,300	8,627	(3,673)
Interest Earnings	4,500	4,500	5,527	1,027
Sales and Rentals	11,000	11,000	12,947	1,947
Refunds and Reimbursements	10,200	10,600	3,097	(7,503)
Total Revenues	<u>\$ 209,000</u>	<u>\$ 211,400</u>	<u>\$ 194,842</u>	<u>\$ (16,558)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Village Council	\$ 14,850	\$ 14,850	\$ 13,838	\$ 1,012
President	1,350	1,350	1,000	350
Elections	1,600	1,600	1,563	37
Assessor	300	300		300
Clerk	28,500	28,500	25,937	2,563
Legal and Audit	4,500	5,300	4,741	559
Treasurer	11,800	11,800	10,515	1,285
Village Hall	10,150	11,050	9,172	1,878
Cemetery	27,350	29,850	27,944	1,906
Total General Government	<u>\$ 100,400</u>	<u>\$ 104,600</u>	<u>\$ 94,710</u>	<u>\$ 9,890</u>
Public Safety	\$ 8,850	\$ 26,550	\$ 6,418	\$ 20,132
Public Works	52,300	54,700	51,436	3,264
Parks and Recreation	8,950	1,250	1,059	191
Insurance	28,100	23,600	22,771	829
Other Activities	10,400	700		700
Total Expenditures	<u>\$ 209,000</u>	<u>\$ 211,400</u>	<u>\$ 176,394</u>	<u>\$ 35,006</u>
Excess Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ 18,448	\$ 18,448
<b>FUND BALANCE - March 1, 2007</b>	<u>57,663</u>	<u>57,663</u>	<u>57,663</u>	<u>-0-</u>
<b>FUND BALANCE - February 29, 2008</b>	<u>\$ 57,663</u>	<u>\$ 57,663</u>	<u>\$ 76,111</u>	<u>\$ 18,448</u>

See Auditor's Report and Notes to the Financial Statements.



**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - DOWNTOWN DEVELOPMENT AUTHORITY  
VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN  
For the Year Ended February 29, 2008**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>
<u>REVENUES</u>	<u>BUDGET</u>	<u>BUDGET</u>		<u>(UNFAVORABLE)</u>
Taxes	\$ 127,868	\$ 127,868	\$ 133,030	\$ 5,162
Event Income	25,000	25,000	22,677	(2,323)
Interest Income	4,000	4,000	6,619	2,619
Total Revenues	<u>\$ 156,868</u>	<u>\$ 156,868</u>	<u>\$ 162,326</u>	<u>\$ 5,458</u>
<u>EXPENDITURES</u>				
Administration	\$ 5,500	\$ 5,500	\$ 4,176	\$ 1,324
Public Works	102,250	102,250	58,302	43,948
Parks and Recreation	37,000	42,000	34,270	7,730
Other Projects	117,743	117,743	17,100	100,643
Total Expenditures	<u>\$ 262,493</u>	<u>\$ 267,493</u>	<u>\$ 113,848</u>	<u>\$ 153,645</u>
Excess Revenues Over (Under) Expenditures	<u>\$ (105,625)</u>	<u>\$ (110,625)</u>	<u>\$ 48,478</u>	<u>\$ 159,103</u>
<u>FUND BALANCE</u> - March 1, 2007	<u>286,880</u>	<u>286,880</u>	<u>286,880</u>	<u>-0-</u>
<u>FUND BALANCE</u> - February 29, 2008	<u>\$ 181,255</u>	<u>\$ 176,255</u>	<u>\$ 335,358</u>	<u>\$ 159,103</u>

See Auditor's Report and Notes to the Financial Statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE -BUDGET AND ACTUAL - MAJOR STREET FUND  
VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN  
For the Year Ended February 29, 2008**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>(UNFAVORABLE)</u>
<u>REVENUES</u>				
State Shared Revenue	\$ 53,000	\$ 53,000	\$ 51,555	\$ (1,445)
Interest Income	2,300	2,300	2,107	(193)
Miscellaneous Income	3,000	3,000		(3,000)
Total Revenues	<u>\$ 58,300</u>	<u>\$ 58,300</u>	<u>\$ 53,662</u>	<u>\$ (4,638)</u>
<u>EXPENDITURES</u>				
Administration	\$ 20,300	\$ 6,100	\$ 5,592	\$ 508
Routine Maintenance	17,500	14,500	12,898	1,602
Traffic Services	10,500	1,600	917	683
Winter Maintenance	10,000	27,000	25,535	1,465
Total Expenditures	<u>\$ 58,300</u>	<u>\$ 49,200</u>	<u>\$ 44,942</u>	<u>\$ 4,258</u>
Excess Revenues Over (Under) Expenditures	\$ -0-	\$ 9,100	\$ 8,720	\$ (380)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ -0-	\$ (13,700)	\$ (12,631)	\$ 1,069
Net Change in Fund Balance	\$ -0-	\$ (4,600)	\$ (3,911)	\$ 689
<u>FUND BALANCE</u> - March 1, 2007	<u>59,695</u>	<u>59,695</u>	<u>59,695</u>	<u>-0-</u>
<u>FUND BALANCE</u> - February 29, 2008	<u>\$ 59,695</u>	<u>\$ 55,095</u>	<u>\$ 55,784</u>	<u>\$ 689</u>

See Auditor's Report and Notes to the Financial Statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE -BUDGET AND ACTUAL - LOCAL STREET FUND  
VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN  
For the Year Ended February 29, 2008**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>(UNFAVORABLE)</u>
<b><u>REVENUES</u></b>				
State Shared Revenue	\$ 17,400	\$ 17,400	\$ 17,252	\$ (148)
Interest Income	1,000	1,000	1,306	306
Other Revenue	1,500	1,500		(1,500)
Total Revenues	<u>\$ 19,900</u>	<u>\$ 19,900</u>	<u>\$ 18,558</u>	<u>\$ (1,342)</u>
<b><u>EXPENDITURES</u></b>				
Administration	\$ 3,600	\$ 3,600	\$ 2,203	\$ 1,397
Routine Maintenance	11,200	19,500	4,859	14,641
Traffic Services	500	500	247	253
Winter Maintenance	4,600	10,000	7,708	2,292
Total Expenditures	<u>\$ 19,900</u>	<u>\$ 33,600</u>	<u>\$ 15,017</u>	<u>\$ 18,583</u>
Excess Revenues Over (Under) Expenditures	\$ -0-	\$ (13,700)	\$ 3,541	\$ 17,241
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ -0-	\$ 13,700	\$ 12,631	\$ (1,069)
Net Change in Fund Balance	\$ -0-	\$ -0-	\$ 16,172	\$ 16,172
<b><u>FUND BALANCE</u></b> - March 1, 2007	<u>31,220</u>	<u>31,220</u>	<u>31,220</u>	<u>-0-</u>
<b><u>FUND BALANCE</u></b> - February 29, 2008	<u>\$ 31,220</u>	<u>\$ 31,220</u>	<u>\$ 47,392</u>	<u>\$ 16,172</u>

See Auditor's Report and Notes to the Financial Statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE -BUDGET AND ACTUAL - MUNICIPAL STREET REPAIR  
VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN  
For the Year Ended February 29, 2008**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>(UNFAVORABLE)</u>
<b><u>REVENUES</u></b>				
Taxes	\$ 26,500	\$ 26,500	\$ 26,998	\$ 498
Interest Income	4,000	4,000	3,479	(521)
Total Revenues	<u>\$ 30,500</u>	<u>\$ 30,500</u>	<u>\$ 30,477</u>	<u>\$ (23)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Administration	\$ 1,700	\$ 1,700	\$ 1,119	\$ 581
Debt Service:				
Principal	22,300	22,300	20,000	2,300
Interest	<u>6,500</u>	<u>6,500</u>	<u>2,600</u>	<u>3,900</u>
Total Expenditures	<u>\$ 30,500</u>	<u>\$ 30,500</u>	<u>\$ 23,719</u>	<u>\$ 6,781</u>
Excess Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ 6,758	\$ 6,758
<b><u>FUND BALANCE</u></b> - March 1, 2007	<u>114,303</u>	<u>114,303</u>	<u>114,303</u>	<u>-0-</u>
<b><u>FUND BALANCE</u></b> - February 29, 2008	<u>\$ 114,303</u>	<u>\$ 114,303</u>	<u>\$ 121,061</u>	<u>\$ 6,758</u>

See Auditor's Report and Notes to the Financial Statements.

**COMBINING BALANCE SHEET - NON MAJOR GOVERNMENT FUND**  
**VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN**  
February 29, 2008

	MAJOR STREET	LOCAL STREET	MUNICIPAL STREET REPAIR	TOTAL
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 31,449	\$ 39,195	\$ 66,334	\$ 136,978
Receivables	8,897	2,919	2,241	14,057
Restricted Assets - Cash and Cash Equivalents			35,749	35,749
Due from Other Funds	<u>15,438</u>	<u>5,278</u>	<u>44,875</u>	<u>65,591</u>
Total Current Assets	<u>\$ 55,784</u>	<u>\$ 47,392</u>	<u>\$ 149,199</u>	<u>\$ 252,375</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$ -0-	\$ -0-	\$ 28,138	\$ 28,138
Total Liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 28,138</u>	<u>\$ 28,138</u>
<u>FUND EQUITY</u>				
Fund Balance:				
Reserved for Debt Service	\$ -0-	\$ -0-	\$ 35,749	\$ 35,749
Unreserved	<u>55,784</u>	<u>47,392</u>	<u>85,312</u>	<u>188,488</u>
Total Fund Equity	<u>\$ 55,784</u>	<u>\$ 47,392</u>	<u>\$ 121,061</u>	<u>\$ 224,237</u>
Total Liabilities and Fund Equity	<u>\$ 55,784</u>	<u>\$ 47,392</u>	<u>\$ 149,199</u>	<u>\$ 252,375</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENT  
VILLAGE OF COLUMBIAVILLE - LAPEER COUNTY, MICHIGAN  
For the Year Ended February 29, 2008**

	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>MUNICIPAL STREET REPAIR</u>	<u>TOTAL</u>
<b><u>REVENUES</u></b>				
Taxes	\$ -0-	\$ -0-	\$ 26,998	\$ 26,998
State Shared Revenue	51,555	17,252		68,807
Interest Income	<u>2,107</u>	<u>1,306</u>	<u>3,479</u>	<u>6,892</u>
Total Revenue	<u>\$ 53,662</u>	<u>\$ 18,558</u>	<u>\$ 30,477</u>	<u>\$ 102,697</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Administration	\$ 5,592	\$ 2,203	\$ 1,119	\$ 8,914
Routine Maintenance	12,898	4,859		17,757
Traffic Services	917	247		1,164
Winter Maintenance	25,535	7,708		33,243
Debt Service:				
Principal			20,000	20,000
Interest			<u>2,600</u>	<u>2,600</u>
Total Expenditures	<u>\$ 44,942</u>	<u>\$ 15,017</u>	<u>\$ 23,719</u>	<u>\$ 83,678</u>
Excess Revenues Over (Under) Expenditures	\$ 8,720	\$ 3,541	\$ 6,758	\$ 19,019
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In (Out)	\$ (12,631)	\$ 12,631	\$ -0-	\$ -0-
Net Change in Fund Balance	<u>\$ (3,911)</u>	<u>\$ 16,172</u>	<u>\$ 6,758</u>	<u>\$ 19,019</u>
Fund Balance - March 1, 2007	<u>59,695</u>	<u>31,220</u>	<u>114,303</u>	<u>205,218</u>
Fund Balance - February 29, 2008	<u>\$ 55,784</u>	<u>\$ 47,392</u>	<u>\$ 121,061</u>	<u>\$ 224,237</u>

See Auditor's Report and Notes to the Financial Statements.

**STATEMENT OF NET ASSETS - INTERNAL SERVICE FUND**  
**VILLAGE OF COLUMBIAVILLE- LAPEER COUNTY, MICHIGAN**  
For the Year Ended February 29, 2008

<u>ASSETS</u>	<u>EQUIPMENT FUND</u>
Current Assets	
Cash and Cash Equivalents	\$ 106,228
Total Current Assets	<u>\$ 106,228</u>
Capital Assets	
Building	\$ 10,927
Vehicles and Equipment	339,288
Accumulated Depreciation	<u>(281,603)</u>
Net Capital Assets	<u>68,612</u>
Total Assets	<u>\$ 174,840</u>
<u>LIABILITIES</u>	
Note Payable - Lapeer County Bank and Trust	<u>\$ 21,197</u>
Total Liabilities	<u>\$ 21,197</u>
<u>NET ASSETS</u>	
Invested in Capital Assets - Net of Related Debt	\$ 47,416
Unrestricted	<u>106,227</u>
Net Assets	<u>\$ 153,643</u>

See Auditor's Report and Notes to the Financial Statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**NET ASSETS - INTERNAL SERVICE FUND**  
**VILLAGE OF COLUMBIAVILLE- LAPEER COUNTY, MICHIGAN**  
**For the Year Ended February 29, 2008**

	<u>EQUIPMENT FUND</u>
<u>OPERATING REVENUES</u>	
Equipment Rental	\$ 65,272
Total Operating Revenues	<u>\$ 65,272</u>
<u>OPERATING EXPENSES</u>	
Management	\$ 3,657
Insurance	4,273
Operating Supplies	10,655
Repairs and Maintenance	15,865
Administration and Miscellaneous	3,674
Depreciation and Amortization	<u>22,044</u>
Total Operating Expenses	<u>\$ 60,168</u>
Operating Income (Loss)	<u>\$ 5,104</u>
<u>NON-OPERATING REVENUES AND (EXPENSES)</u>	
Interest Income	\$ 4,263
Interest Expense	<u>(1,352)</u>
Total Non-operating Revenues	<u>\$ 2,911</u>
Change in Net Assets	<u>\$ 8,015</u>
<u>NET ASSETS - March 01, 2007</u>	<u>145,628</u>
<u>NET ASSETS - February 29, 2008</u>	<u>\$ 153,643</u>

See Auditor's Report and Notes to the Financial Statements.



**STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUND**  
**VILLAGE OF COLUMBIAVILLE- LAPEER COUNTY, MICHIGAN**  
For the Year Ended February 29, 2008

<u><b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b></u>	<u><b>EQUIPMENT FUND</b></u>
<u><b>CASH FLOWS FROM OPERATING ACTIVITIES</b></u>	
Cash Received from Customers	\$ 65,272
Payments to Suppliers and Vendors	(32,252)
Payments to Employees	<u>(5,746)</u>
NET CASH FLOWS FROM OPERATIONS	<u>\$ 27,274</u>
<u><b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b></u>	
Payments on Long-Term Debt	\$ (9,923)
Interest Paid	(1,352)
Purchase of Capital Assets	<u>(10,130)</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ (21,405)</u>
<u><b>CASH FLOWS FROM INVESTING ACTIVITIES</b></u>	
Interest Income	<u>\$ 4,263</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>\$ 4,263</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 10,132
<u><b>CASH AND CASH EQUIVALENTS - February 28, 2007</b></u>	<u>96,096</u>
<u><b>CASH AND CASH EQUIVALENTS - February 29, 2008</b></u>	<u>\$ 106,228</u>
 <u><b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b></u>	
Net Operating Income	\$ 5,104
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	22,044
Decrease in Prepaid Expense	<u>126</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 27,274</u>

See Auditor's Report and Notes to the Financial Statements.



**ROBSON AND McCALLUM**  
*Certified Public Accountants*

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Carole A. Robson, CPA • Scott A. McCallum, CPA • Members AICPA and MACPA

**Schedule of Findings and Responses**

To the Council Members  
Village of Columbiaville  
Columbiaville, Michigan 48421

Dear Council Members:

During the examination of the financial statements of the Village of Columbiaville for the fiscal year ended February 29, 2008 the following findings came to our attention:

1. Bank reconciliations were not being done for the various checking accounts. As a result of this condition, certain monies were deposited into the wrong checking account and were not corrected.

We recommend that the bank accounts be reconciled monthly and the general ledger cash balances compared and reconciled to the Treasurer's cash balances.

2. The Village lacks the internal controls over the preparation of financial statements in accordance with GAAP, and instead relies on external auditors for assistance in preparing those statements.

We would expect this condition to continue as officials are elected and may or may not have the ability to prepare such statements. Due to that fact, we do not recommend any changes to this situation at this time.

We would like to thank the Village officials for the cooperation we received during the course of the audit. Should you have any questions in connection with our recommendations, please contact us at your earliest convenience.

Robson and McCallum, CPA's  
December 19, 2008